

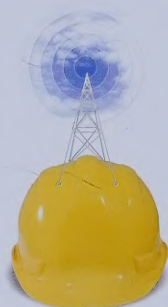
define: EXPERIENCE



Experience. The Mobile Workforce Advantage.™

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Field service organizations in utility, telecommunications, cable, broadband and other markets are challenged to optimally manage their mobile workforces under constantly changing conditions. They must: keep appointments; respond quickly to emergency conditions; avoid excessive overtime; complete jobs the first time, on time; exchange complete, accurate and timely information with the field; and reduce non-productive driving time.

As the leader in mobile workforce management for the last 10 years, MDSI Mobile Data Solutions Inc. rises to these challenges by providing solutions that deliver a powerful return on investment through greater field service productivity, reduced operating costs, and improved customer service.

MDSI is the largest, most successful and experienced provider of mobile workforce management software in the world. The Company services approximately 100 customers and has licensed more than 80,000 field service users around the world. Headquartered in Richmond, BC, Canada, MDSI also has operations and support offices in the United States, Europe and Australia. MDSI is a public company traded on the Toronto Stock Exchange (MMD) and on NASDAQ (MDSI).

*In Mobile Workforce Management,
ten years is*

a lifetime.

MDSI is ten years old! The Company began in February 1993 by acquiring a wireless dispatching application and certain customer contracts from Motorola. Each of MDSI's five founders had sold, developed, or implemented the application in the 1980's for its original creator and one of the true pioneers of wireless data communications, MDI Mobile Data International. So while ten is hardly old, in the case of MDSI and the mobile workforce management business, it represents a lifetime of experience – a lifetime marked by constantly evolving markets and technology.

Since MDSI began in 1993, deregulation of its core markets (utility, telecommunications, cable and broadband) has gradually spread worldwide, fueling competition and accelerating mergers and acquisitions. MDSI's customers have increasingly looked to their field organizations, a major budget item and key to customer service, for ways to gain a competitive edge.

Technology has been changing, too. Believe it or not, in 1993 some companies were still building their own wireless networks to run MDSI's solutions! Mobile devices, the computers used by technicians in the field, cost up

Advantex, the Company's flagship product, was once a simple wireless dispatching application for isolated field service departments of small North American utilities. In 10 years, Advantex has grown into the most comprehensive solution for managing all field service operations for companies of any size in any of MDSI's core markets, worldwide. Today, MDSI's customers can move quickly in a competitive world; if a merger causes a company to double in size or add a new line of business overnight, Advantex can rapidly adapt. MDSI ideligo, a new wireless enablement product for field service organizations outside the Company's core markets, is based on Advantex technology, so it benefits from all the same characteristics.

While MDSI's solutions still support the earliest public and private wireless networks (like analog cellular, CDPD, Mobitex, ARDIS, RD-LAP, and EDACS), they have evolved to support second and third generation networks as well, such as CDMA, TDMA, GSM, GPRS and 1xRTT.

1993

Five founders
start MDSI.



Early
"mobile" device.

1994



Receives New Venture of the Year
Award from the BC Technology
Industry Association.

Adds order scheduling functionality
to U-CAD r4, original product.



to US\$18,000 each and weighed as much as 20 pounds; earlier models were bolted into trucks. Today, public networks have taken over from privately-built networks, and there are a myriad of portable mobile devices used in the field that weigh only a few ounces and cost a few hundred dollars.

MDSI has risen to these challenges to develop increasingly functional, scalable and flexible products that stay ahead of the technology curve.

MDSI has stayed ahead of the mobile device curve, too, with support for full functionality laptops and pen-based tablets to handheld devices such as cellular phones, personal digital assistants and pagers.

Markets and technologies will undoubtedly change more in the future. However that happens, MDSI will also change to stay ahead of the market and competition – to stay the leader in mobile workforce management.



With experience comes

the wisdom

to know what you're really good at.

Over the past 10 years, MDSI has gained unmatched experience

in mobile workforce management for utilities, telecommunications, cable and broadband companies. That experience is the engine behind our constant innovation, the primary benefit we offer customers, and a major edge we hold over competition.

Of course, experience also teaches you what you're really good at. In 2002 MDSI returned to its strengths through a focused strategy that led to major improvements to Advantex, a return to profitable quarters, and new strategic customer wins – all during tough economic times in our markets.

We expect this momentum to carry over into 2003 with more new customers and upgrades, a full year of profitability, and a return to healthy revenue growth. We will begin major product initiatives that will help more of the mobile workforce with more of their work, and continue to penetrate field service organizations outside our core markets with MDSI ideligo.

product version. We launched Advantex Compose, a new configuration tool that gives customers the ability to configure Advantex themselves to meet their ever-changing needs. It provides a simpler upgrade path and boosts Advantex's already compelling return on investment.

For MDSI, Advantex Compose lets us work more closely with partners to sell and implement our solutions, and creates a stronger business model by streamlining certain product development, implementation and customer support processes. During the year, MDSI received a patent on core technology underlying Advantex Compose.

Also during 2002, we integrated map information into Advantex r7's scheduling module to provide mobile workers with optimal routes that reduce driving time. Lastly, to reduce the total cost of owning Advantex, we made the solution compatible with much less expensive mobile devices, such as Pocket PC.

1995

Adds new workload distribution functionality, completes first implementation of next generation product, U-CAD r5.



British Gas Services (now part of Centrica) is first international customer and MDSI's largest at the time.

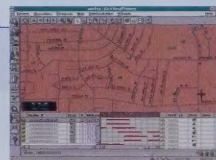
Enters the telecommunications market.



Lists on the TSX.

1996

Adds map-based dispatching and automated vehicle location functionality.



Sharpened Field of Vision

During 2002 MDSI took the final steps in re-focusing on our core mobile workforce management business. We divested Connectria, a Hosting and IT Services subsidiary, and our public safety business, where we provided a very different product from Advantex. Neither business represented a core strength, and neither offered us the opportunities for growth and strong profitability that we see in mobile workforce management, where we are the leaders worldwide.

Expanding the Lead

To help expand that lead during the year, MDSI added significant new functionality to Advantex r7, our latest

Leading Indicators

From this renewed focus we quickly delivered profits and growth. In the third quarter of 2002 MDSI earned a penny profit per fully diluted share, then improved on that the next quarter by earning five cents per fully diluted share. Over the two quarters our revenue grew from US\$10.8 million, including US\$6.6 million in software and services revenue, to US\$11.3 million, which included US\$8.4 million in software and services revenue. We closed 2002 with a record backlog that has enabled us to confidently forecast higher profits and a return to top-line growth in 2003.

Leading Customers

Of course you don't grow a record backlog without new contracts, and during 2002 MDSI won several. We ended the year with approximately 30 percent of our customer base running or implementing Advantex r7, which went live for the first time in April 2001.

Two extremely large customers that we won in 2002 are particularly strategic to the Company's future growth: Telkom South Africa Limited, South Africa's national telecommunications provider, where we will enable approximately 13,000 field service users, and Transco, Britain's national gas transporter, where we will help approximately 9,000 field service personnel.

These contracts represent MDSI's largest to date, and our entrance into the Tier 1 telecommunications and utility markets worldwide. Scalability to these large accounts is one of the primary reasons we created Advantex r7. It is satisfying to see that investment pay off. There are many other Tier 1 companies, some much larger, that still need a solution like Advantex r7. After seeing our success at Telkom South Africa and Transco, we are much better positioned to win that business. We are fully dedicated to making each customer, regardless of size, an excellent reference for MDSI.

Of course, sticking to mobile workforce management doesn't mean standing still – far from it. We will be adding to Advantex so that it can solve more business problems for more mobile workers in our markets. Typically, we help only a fraction of our customers' field workers. We will improve on that by adding new product modules that better address the needs of the remainder – sensible, focused product expansion. We can develop the functionality in-house, or there may be opportunities to purchase it. We are investigating all options. Naturally, we will also continue to enhance the core functionality of Advantex. In fact, we just showed some exciting new prototypes in April 2003 at Mindshare, MDSI's 8th annual user group.

Further Afield

Lastly, we will continue to pursue opportunities for MDSI ideligo. MDSI ideligo packages some of our core expertise, wireless data communication and field workflow, for companies outside of our core markets. With MDSI ideligo, we partner with other enterprise software companies that have greater penetration in these other field service markets to bring them wireless enablement experience and product that they need. Together, we have a compelling solution for a wide variety of field service organizations that count four times more mobile workers than MDSI's core markets combined.

U-CAD renamed
"Advantex".
Advantex



Next "mobile" device.

1997

Declared fastest-growing high tech company in Canada by The Globe and Mail.

Wins major North American utility contracts, including Pacific Gas & Electric, San Diego Gas & Electric.

Lists on NASDAQ.

TDC Tele Danmark is first international telecommunications customer.

Acquires biggest competitor, Chicago-based Alliance Systems.



Greener Fields

Looking ahead, MDSI will continue to focus on mobile workforce management, where there is still much business to win. Most companies in our markets worldwide simply do not have a modern, real-time wireless solution like Advantex powering their field workforces. For the near future, we expect that large international opportunities, particularly in Europe, Middle East and Africa, will continue to play an important role in our growth, as it did in 2002. Further, a full 70 percent of our customers are running earlier versions of our solution. We are talking with each to determine an upgrade path and timeline that makes most sense.

In 2002 MDSI showed that after 10 years it is still the leader in the field. We earned that position through unmatched experience, a base that we continue to build, and we will keep it by staying extremely focused on what we know best.

Happy 10th anniversary, MDSI! And many more.

Erik Dysthe
President, Chief Executive Officer and Chairman



KeySpan and MDSI. Setting the

KeySpan Corporation, headquartered in New York, is the largest distributor of natural gas in the Northeast United States, with 2.5 million customers and more than 12,000 employees. It also provides electric power to more than a million customers of the Long Island Power Authority.

MDSI's relationship with KeySpan started in 1993, MDSI's first year of business, upon signing a contract with the Long Island Lighting Company, or LILCO, which provided gas and electricity on Long Island. KeySpan was formed in 1998 when LILCO merged with Brooklyn Union Gas, which provided gas service in the New York City

were KeySpan's homegrown Customer Field Services System, a manual paper-based system, and MDSI's solution. One of the first items on KeySpan's agenda was to bring the entire company onto one common platform with a common architecture, an innovative step for the industry.

Paul Chan, KeySpan's Manager Field Service Systems, explained, "It was part of our corporate strategy to ensure that all of the different types of work being performed throughout the company would be supported by one solution."

After a thorough internal review KeySpan decided to implement an updated version of Advantex company-wide. Today, over 1,200 mobile technicians are connected to the system. Added Chan, "As it stands now, whether our technicians are doing electrical or gas service, complex construction or emergency response work, they're

1998

Adds complex order management and common cause functionality.



Cox Communications selects MDSI. Cox's needs accelerate development of Advantex r7.

Expands into custom-designed headquarters, Erik Dysthe retires from CEO role.



1999

Oracle solution replaces Advantex r5's proprietary database, creating Advantex r6.

boroughs of Brooklyn, Queens, and Staten Island. In 1999, KeySpan acquired Eastern Enterprises, which owned and operated Boston Gas, Colonial Gas, Essex Gas and others. Colonial Gas was an MDSI customer, too!

Mergers, acquisitions, and expansion. Geographical boundaries grow, and the customer base increases. It's a familiar story in the utility industry. However, the way KeySpan and MDSI addressed the challenges was anything but familiar – it was pure innovation.

After KeySpan's merger and acquisition activity in 1998 and 1999, a number of mobile workforce management solutions existed across the companies now joined under the KeySpan corporate umbrella. Included in the mix

all tied into the same system." He continued, "From a management standpoint, it's a huge advantage to be able to view, monitor, measure and track all of the work being done across disciplines. Advantex lets us do that."

The transition was remarkably smooth. In April 2000, Advantex was rolled out to 350 technicians in the New England Construction Services division. In February 2001, it went live to 650 gas and electric service technicians in New England, New York and Long Island. In February 2002, rollout started for 275 more Construction Services technicians in New York and Long Island.

That's not to say there weren't challenges. Craig Costanzo, Principal Software Engineer, Energy Operations Systems

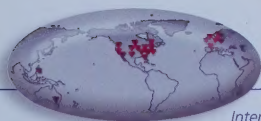
pace of innovation.



explained, "Joining several different business units onto one system entailed managing a number of disparities. The variety of work environments meant the need for different codes and screens available to the technicians. Further, Advantex was being used for distinctive work situations altogether, whether it was gas emergencies or long-term construction projects. Essentially, we all had to live with the same application."

Because of KeySpan's innovative use of the solution company-wide, they have realized benefits beyond MDSI's traditional customers. Ed Ehmer, Senior Project Manager, Field Operations Support, notes, "With Advantex, we can perform what we call 'tag-along jobs'. Essentially, it means that we become a seamless work force. A construction crew can be dispatched to a customer job at the same or nearby location. This reduces travel time, home access problems and improves customer satisfaction. It saves us time, money and resources."

Also, if there is a general change to the business or to company policy, modifications can be made across the board with minimal effort. One application serves different lines of business, different geographical regions and a mix of industry rules and regulations that demand compliance. Finally, management can make decisions based on better information because operational reports include data from all relevant departments.



International penetration increases: Belgacom (Belgium), Telenor, now Bravida (Norway), Yorkshire Water (UK), and Meralco (the Philippines), MDSI's first Asian customer.



Announces eBusiness strategy that is ultimately abandoned in dotcom shakeout.



"Mindshare", MDSI's 5th annual user group, breaks event attendance records.

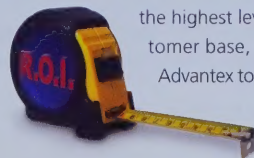


Introduces Advantex r7 for scalability to the world's largest field service organizations.

So, have the results been positive? Absolutely.

Mike Rogers, Manager, Inspection / Mandated Programs, observed, "The immediate ROI had already been realized, because a large portion of our company had already been using an earlier version of Advantex. We continued to reap the benefits of things like online time reporting, job costing, maps on the mobile devices, intranet access for our field techs and accurate data collection, but were also able to include the benefits of our upgraded Advantex solution, such as better validation rules, more user-friendly pull-down menus, map updates and increased system reliability."

KEYSPAN



Merger and acquisition activity may not be over for KeySpan, given the trends in the U.S. utility industry, but if there is more to come, KeySpan and Advantex will certainly be up to the challenge.

With respect to additional solution upgrades, Mr. Chan concluded, "Both KeySpan and MDSI are forward-looking organizations. KeySpan wants to continue to deliver the highest levels of service to its growing customer base, and MDSI continues to develop Advantex to support that goal. So, its definitely something we will look at."

Meet Ken Lam. MDSI

employee

It was 1993 and MDSI's first sales call on a Texan utility account. MDSI

Employee #1 Ken Lam, a Senior Developer at the time, was doing double duty as sales support for Jim Dalbey, the lead salesman and one of MDSI's original five founders. The U-CAD (Advantex's predecessor) demonstration had been staged and tested before the pair left for the trip, so Lam wasn't too concerned when the schedule allowed him only 20 minutes to set up the demo. But when the time came, the computer, an AT&T 3B2 box, was dead.

According to Lam, "It would not boot and people were arriving to see the demo. I didn't know what to do. Jim was calm but I was scrambling, hoping for a miracle to descend."

Dalbey suggested Lam open the box to take a look, but never having seen the inside of a 3B2, Lam protested that it would be futile. "Just open the box, and have a look. I'll handle the rest," Dalbey calmly directed.

Upon peering into the computer's innards, Lam immediately discovered the problem: the memory card had popped out from its slot. As a software developer used

early milestone projects, British Gas Services in 1995, which was MDSI's largest customer until 2002 when the Company signed a contract with Telkom South Africa, and AT&T Wireless, a contract that helped launch MDSI into the telecommunications market. Originally, Lam joined MDSI along with his boss, fellow Motorola employee, and MDSI founder, Peter Kam. Both Kam and Lam had been integral to U-CAD's early development.

Today, Lam is Director of Product Support for early generations of MDSI's products. He still loves his work, "MDSI



2001

Erik Dysthe returns as President and CEO to re-focus MDSI.



Advantex r7

Belgacom goes live with Advantex r7 deployment, wins European award for IT innovation.



2002

Introduces Advantex Compose and MDSI ideligo.

to thinking outside the box, this was just too simple. He popped the card back in and ran the demo, for which the pair earned a hearty round of applause, and ultimately the contract.

Afterwards, when Lam asked Dalbey how he knew what was wrong, Dalbey replied, "I didn't, but it was the only logical thing left to do."

"I learned so much from that experience," recalls Lam. Over the years, Lam has had plenty of other opportunities to learn. He worked as Team Lead on two of MDSI's

is an extraordinary company. It has a strong foundation with little bureaucracy. Its people dare to take challenges and the Company is willing to go the extra step for its customers and people."

Looking forward, Lam says that there is still much to accomplish and learn, "I want to install the first Asian language version of Advantex r7 or help design Advantex R8 – whichever comes first."

Happy 10th anniversary Ken. And keep thinking outside (and inside) the box.

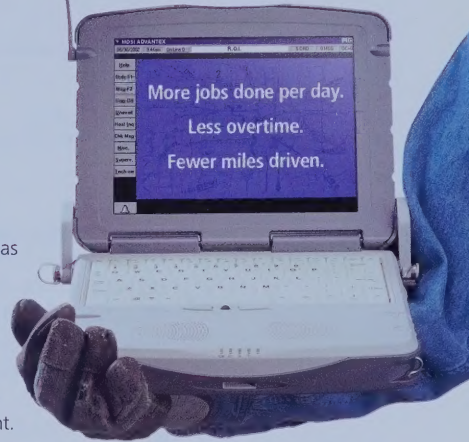
Delivering Experience

Advantex r7 is the manifestation of MDSI's 10 years of field experience in the utility, telecommunications, cable and broadband markets. Advantex r7 is used in the field or is being implemented by customers representing more than 45,000 users. Including earlier versions of Advantex, approximately 100 customers and more than 80,000 users rely on MDSI's solutions in the field to handle approximately one million work orders every day.

By efficiently managing the lifecycle of work orders and the day of mobile workers

who execute them, Advantex is the most comprehensive mobile workforce management product available. Advantex optimizes and automates field service operations and empowers mobile workers, dispatchers and supervisors with timely, critical information to help them deliver top-quality service, respond to changing conditions and operate efficiently at lower cost.

Advantex is delivered as an industry-specific, easily upgraded product suite that lets customers quickly employ best practices in mobile workforce management. Its advanced architecture



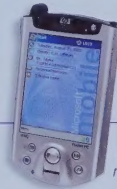
Field-proven software and services.

makes it highly scalable to suit the needs of even the very largest field operations.

In April 2003 MDSI announced new functionality prototypes that will allow customers to add asset management crews (i.e., crews performing inspection, maintenance and construction work) to Advantex. This



Telkom South Africa and Transco contracts, MDSI's largest in history, vault MDSI into Tier 1 market.



Modern mobile device.

Divests non-core businesses, closes year with two profitable quarters.

2003

Advantex schedules work requests and assigns them to the best available mobile worker based on key business rules. It automatically dispatches work details to mobile workers, who use the solution to send real-time status updates, record results, communicate, and retrieve relevant data such as customer or asset information from other enterprise applications – all wirelessly, in real time. Comprehensive mapping capabilities let Advantex users pinpoint mobile workers' locations at all times, follow optimal routes between assignments, and locate or update the location of facilities infrastructure.

is a substantial new user base, and one additional step in Advantex's evolution into an enterprise-wide mobile workforce management solution.

MDSI complements Advantex with delivery, consulting, application integration, training, documentation, and customer support services to deliver a complete solution that provides a quick and compelling return on investment.



Experience. The Mobile Workforce Advantage.™

results

Readers are encouraged to review the complete audited financial statements, the Report of Independent Auditors thereon and Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Form 10-K as filed with the United States Securities and Exchange Commission. Readers wishing to review the equivalent documents presented in accordance with Canadian generally accepted accounting principles are encouraged to review the Company's Canadian Annual Statutory Report. Copies of these documents may be obtained by contacting Investor Relations at the Company's head office, or from the Investor Relations section of the Company's Web site, www.mdsi-advantex.com.

The condensed consolidated financial statements presented herein reflect generally accepted accounting principles in the United States.

The differences between Canadian and United States generally accepted accounting principles as they apply to MDSI are to be found in Note 14 to the consolidated financial statements in the Company's Canadian Annual Statutory Report.

To the Board of Directors and Shareholders of MDSI Mobile Data Solutions Inc.:

We have audited, in accordance with United States and Canadian generally accepted accounting standards, the consolidated balance sheets of MDSI Mobile Data Solutions Inc. as of December 31, 2002 and 2001 and the consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year reporting period ended December 31, 2002 and in our reports dated January 28, 2003, except for Note 9 (c), as to which the date is March 27, 2003, we expressed an unqualified audit opinion on those consolidated financial statements. The accompanying condensed consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on such condensed consolidated Financial Statements in relation to the complete consolidated Financial Statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2002 and 2001 and the related condensed consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year reporting period ended December 31, 2002 is fairly stated in all material respects in relation to the basic consolidated financial statements from which it has been derived.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants
Vancouver, BC
January 28, 2003

Consolidated balance sheets

(expressed in United States dollars)

As at December 31,	2002	2001
Assets		
Current assets		
Cash and cash equivalents	\$ 11,016,945	\$ 13,176,080
Accounts receivable, net		
Trade (net of allowance for doubtful accounts of \$ 2,506,614; 2001 – \$ 3,587,303)	6,705,088	9,229,663
Unbilled	5,347,993	4,331,924
Prepaid expenses and other assets	1,552,236	1,866,459
Income taxes receivable	–	366,506
Total current assets	24,622,262	28,970,632
Capital assets, net	9,798,087	7,635,248
Long term receivable	2,749,860	3,749,860
Deferred income taxes	534,640	364,640
	37,704,849	40,720,380
Assets of discontinued operations	–	3,856,440
Total assets	\$ 37,704,849	\$ 44,576,820
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 1,777,465	\$ 1,961,656
Accrued liabilities	3,300,113	5,421,808
Income taxes payable	602,717	–
Deferred revenue	7,503,613	7,685,068
Current obligations under capital leases	2,073,906	1,984,018
Total current liabilities	15,257,814	17,052,550
Obligations under capital leases	1,913,538	1,301,996
	17,171,352	18,354,546
Liabilities of discontinued operations	–	1,747,521
Total liabilities	17,171,352	20,102,067
Stockholders' equity		
Common stock		
Authorized:		
Unlimited common shares with no par value		
Issued: 8,176,431 shares; 2001: 8,676,020 shares	44,208,511	48,519,060
Additional paid-up capital	2,222,128	522,621
Treasury stock: nil; (2001: 13,745 shares)	–	(85,043)
Accumulated other comprehensive (loss)	(690,104)	(690,104)
Deficit	(25,207,038)	(23,791,781)
	20,533,497	24,474,753
Total liabilities and stockholders' equity	\$ 37,704,849	\$ 44,576,820

Consolidated Statements of operations

(expressed in United States dollars)

Years ended December 31,	2002	2001	2000
Revenue			
Software and services	\$ 25,754,805	\$ 32,065,559	\$ 41,338,221
Maintenance and support	10,500,287	10,186,907	8,887,738
Third party products and services	2,480,368	2,453,137	1,774,031
	38,735,460	44,705,603	51,999,990
Direct costs	17,019,346	21,047,146	21,080,654
Gross profit	21,716,114	23,658,457	30,919,336
Operating expenses			
Research and development	5,505,810	7,258,396	8,235,472
Sales and marketing	12,381,679	10,858,596	12,206,265
General and administrative	6,237,194	6,075,396	6,447,135
Restructuring charge	—	6,105,927	—
Amortization and provision for valuation of intangible assets	—	1,824,058	294,247
Costs of merger	—	—	1,691,028
Provision for doubtful accounts	—	2,938,195	985,000
	24,124,683	35,060,568	29,859,147
Operating (loss) income	(2,408,569)	(11,402,111)	1,060,189
Valuation allowance on investments	—	(2,749,992)	—
Other income (expense)	272,988	177,200	(441,483)
(Loss) income from continuing operations before tax provision	(2,135,581)	(13,974,903)	618,706
Recovery of (Provision for) income taxes from continuing operations	599,293	521,375	(491,505)
(Loss) income from continuing operations	(1,536,288)	(13,453,528)	127,201
Income (loss) from discontinued operations	121,031	(653,165)	(681,601)
Net loss for the year	\$ (1,415,257)	\$ (14,106,693)	\$ (554,400)
(Loss) earnings per common share			
(Loss) earnings from continuing operations			
Basic	\$ (0.18)	\$ (1.56)	\$ 0.01
Diluted	\$ (0.18)	\$ (1.56)	\$ 0.01
Net loss			
Basic	\$ (0.17)	\$ (1.64)	\$ (0.07)
Diluted	\$ (0.17)	\$ (1.64)	\$ (0.07)

Consolidated Statements of Stockholders' equity

(expressed in United States dollars)

	Common Stock Shares	Common Stock Amount	Additional Paid Up Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, January 1, 2000	8,226,596	\$ 44,961,759	\$ 220,700	\$ (85,043)	\$ (429,438)	\$ (9,130,688)	\$ 35,537,290
Issued on exercise of stock options	369,236	3,268,972	—	—	—	—	3,268,972
Issued under stock purchase plan	16,621	185,771	—	—	—	—	185,771
Change in foreign exchange fluctuations	—	—	—	—	(260,666)	—	(260,666)
Net loss for the year	—	—	—	—	—	(554,400)	(554,400)
Balance, December 31, 2000	8,612,453	\$ 48,416,502	\$ 220,700	\$ (85,043)	\$ (690,104)	\$ (9,685,088)	\$ 38,176,967
Issued on exercise of stock options	63,567	102,558	—	—	—	—	102,558
Stock based compensation charge	—	—	301,921	—	—	—	301,921
Net loss for the year	—	—	—	—	—	(14,106,693)	(14,106,693)
Balance, December 31, 2001	8,676,020	\$ 48,519,060	\$ 522,621	\$ (85,043)	\$ (690,104)	\$ (23,791,781)	\$ 24,474,753
Issued on exercise of stock options	253,181	65,366	—	—	—	—	65,366
Issued under stock purchase plan	85,405	212,614	—	—	—	—	212,614
Redemption of shares during year on divestiture of subsidiary	(824,700)	(4,515,766)	1,711,787	—	—	—	(2,803,979)
Redemption of treasury shares	(13,475)	(72,763)	(12,280)	85,043	—	—	—
Net loss for the year	—	—	—	—	—	(1,415,257)	(1,415,257)
Balance, December 31, 2002	8,176,431	\$ 44,208,511	\$2,222,128	\$ —	\$ (690,104)	\$(25,207,038)	\$ 20,533,497

Consolidated Statements of cash flows

(expressed in United States dollars)

Years ended December 31,	2002	2001	2000
Cash flows from operating activities			
Net (loss) income from continuing operations for the year	\$ (1,536,288)	\$ (13,453,528)	\$ 127,201
Items not affecting cash:			
Depreciation, amortization and provision for valuation of intangible assets	2,706,987	4,502,772	2,551,927
Write down in value of surplus capital assets	—	563,780	—
Valuation allowance on investments	—	2,749,992	—
Deferred income taxes	(170,000)	(17,290)	230,077
Stock based compensation charge	—	301,921	—
Changes in non-cash operating working capital items	1,304,612	8,558,044	(3,498,577)
Net cash provided by (used in) operating activities	2,305,311	3,205,691	(589,372)
Cash flows from financing activities			
Issuance of common shares	277,980	102,558	3,454,743
Proceeds from (repayment of) capital leases	(1,989,664)	(1,727,326)	1,413,858
Net cash (used in) provided by financing activities	(1,711,684)	(1,624,768)	4,868,601
Cash flows from investing activities			
Repayment of lease receivable	—	133,724	386,860
Acquisition of investments	—	—	(2,748,029)
Proceeds on sale of investments	—	331,458	3,807,039
Acquisition of intangible asset	—	—	(220,000)
Acquisition of capital assets	(2,178,732)	(1,346,279)	(5,393,504)
Net cash used in investing activities	(2,178,732)	(881,097)	(4,167,634)
Net cash (used in) provided by continuing operations	(1,585,105)	699,826	111,595
Net cash used in discontinued operations	(574,030)	(388,727)	(1,735,988)
Net cash (outflow) inflow	(2,159,135)	311,099	(1,624,393)
Effects of foreign exchange fluctuations on cash	—	—	(260,666)
Cash and cash equivalents, beginning of year	13,176,080	12,864,981	14,750,040
Cash and cash equivalents, end of year	\$ 11,016,945	\$ 13,176,080	\$ 12,864,981
Supplemental disclosure of cash flow information			
Cash payments for interest	\$ 174,619	\$ 387,773	\$ 148,798
Cash (refund) payment for taxes	\$ (1,320,664)	\$ 326,694	\$ 2,110,283

Corporate and Investor Information

Directors

Erik Dysthe
President, Chief Executive Officer & Chairman
MDSI Mobile Data Solutions Inc.

Peter Ciceri
Executive-in-residence
University of British Columbia
Faculty of Commerce

Robert C. Harris, Jr.
Senior Managing Director
Vice Chairman, Technology Investment Banking
Bear Stearns & Co. Inc.

Terrence P. McGarty
Chief Executive Officer
The Telmarc Group, LLC

Marc Rochefort
Senior Partner
Desjardins Ducharme Stein Monast
Barristers & Solicitors

David R. Van Valkenburg
Corporate Director

Officers & Key Employees

Erik Dysthe
President, Chief Executive Officer & Chairman

Verne Pecho
Vice President, Finance,
Administration & Chief Financial Officer

Peter Hill Rankin
Executive Vice President, Operations

Christine Rogers
Senior Vice President, Operations

Walt Beisheim
Senior Vice President, Worldwide Sales & Marketing

Glenn Kumoi
Senior Vice President & Chief Legal Officer

Simon Backer
Senior Vice President, Wireless Services

Auditors

Deloitte & Touche LLP
Chartered Accountants
Vancouver, Canada

Legal Counsel

Dorsey & Whitney LLP
Seattle, USA

Davis & Company
Barristers & Solicitors
Vancouver, Canada

Transfer Agents and Registrars

Computershare Trust Company of Canada
Vancouver and Toronto, Canada

American Securities Transfer and Trust Inc.
Lakewood, CO, USA

Common Shares

MDSI's common shares are traded
on the following markets:
NASDAQ: MDSI
The Toronto Stock Exchange: MMD

Annual Meeting

MDSI's Annual General Meeting will take place
at 10:00am, Thursday June 5, 2003 at
The Metropolitan Hotel, 645 Howe Street,
Vancouver, BC, Canada V6C 2Y9

Investor Relations

For further information, please contact
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